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A Short Study
OF
STATE SOCIALISM
BY
R. J. BRYCE.

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A
SHORT STUDY
OF
STATE SOCIALISM.

BY
REUBEN JOHN BRYCE.

LONDON:
E. BAYNES & Co.

1903.



II.
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AUTHOR'S NOTE.

IN submitting to the public this slight contribution to economic discussion, I cannot deny myself the pleasure of publicly thanking the many friends who have helped me in my endeavour.

I tender my most sincere thanks to Professor Shield Nicholson, and to the Right Honourable James Bryce, M.P., for their goodness in advising me upon many points and in making invaluable suggestions.

Further, my gratitude is due to my friend Mr. D. Nichol Smith, for giving me the advantage of his incomparable knowledge in the revision of this essay, and also to Mrs. T. H. Bryce, and to Mr. Hector Macpherson for their kindness in the same direction.

To my friend Mr. J. D. Beresford I am indebted for the careful revision of the proof sheets.

R. J. BRYCE.

London, December, 1902.

III.

To

A. G. A.

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PREFACE.

Extensive as the literature of Socialism already is, there has long been room for a popular account of so comprehensive a subject, and the steady growth of Socialistic principles, in recent years, makes such an account the more desirable.

It is the purpose of this little book to give a simple but adequate and scientific statement of the main features of that form of Socialism known as collectivism, to examine] the principles upon which Socialism is founded, and to submit these to economic tests without burdening the discussion with technical terms and abstruse arguments. Academic treatment, therefore, has been avoided in favour of a concise and practical account.

The subject is dealt with from a purely British point of view, and has reference only to the general principles, for Socialists are constantly changing the details of their proposals.

In endeavouring to accomplish these objects the writer has sought to focus the opinions of the great thinkers upon the subject, and to suggest lines of reflection. He will be well satisfied if, to some readers, this little book should prove an introduction to the study of economic literature.



CHAPTER I.

INTRODUCTORY.

The limits and purpose of this little book would be exceeded if any attempt were made at a detailed account, either of the origin of Socialism, or of the various forms which it has assumed. To trace the growth of the principles upon which Socialism is founded would involve an examination of historical development and would require a separate volume.* Our concern here is with the fact of Socialism.

For the purpose of an intelligent understanding of our subject only a brief historical survey is necessary. After that it will be essential to come to some understanding as to what Socialism precisely is, for at present the word is applied most loosely.

The close of the eighteenth century saw the advent of modern Socialism. The unhappy condition of France at that time aroused a keen interest in the discussions on social questions. It must, however, be observed that the French Revolution—the direct outcome of the distressful condition of France—was not in itself a Socialistic movement, because in the “Declaration of Rights” private property was defined as “inviolable and sacred,” and when the National Assembly deprived men of rights or property it made compensation for the loss. Pre-revolutionary literature, indeed, was not to any extent socialistic. Even Rousseau held strongly to the doctrine that property was one of “the most sacred of all the rights of citizens.”

The French Revolution, however, though not in its essence socialistic, played a very important part in spreading socialistic

* See Kirkup's “History of Socialism.”
Pearson's “National Life and Character.”

ideas.* That upheaval was the outcome of the oppression of the feudal system. The dignity of labour had not been recognised, save possibly by the medieval Church. Ideas of reform did not immediately run on the lines of a socialistic system. Rather they took the form of a spirited Individualism. The seeds of discontent which were sown took root and the popular claims gradually received some recognition. At the time of the Revolution, France was still under the shadow of the feudal system, the people were cruelly ground down, and taxation pressed sore upon the poorer classes. Soon the mutterings became articulate, the Revolution was accomplished, and thereafter the conceptions of popular rights became the more extreme because of the previous oppression.

In Germany, all this time, many writers were busy on socialistic questions, and it may be said that Germany has been the happy hunting ground for the socialistic reformer. In Britain and America, Socialism made little way.

Britain has always appeared a promising field for socialistic endeavour, nevertheless it has been the despair of the Socialist. The genius of her people has hitherto saved her, or it may be said that at moments of revolutionary danger she was fortunate in the highest degree in her statesmen. Pitt, the younger, to cite only one example, was in himself an efficient bulwark against a revolution. It is only within comparatively recent years, that Socialism has taken any hold on the imagination of the British working man. At the present time there are socialistic societies of considerable importance and socialistic newspapers are not wanting.†

The unhappy history of Ireland has led many of her politicians into the socialistic camp. There are some English members of the Imperial Parliament who are avowed Socialists. In seeking an explanation for the extent of socialistic opinion in this country, it is essential to recall not only the influence of the French Revolution, but the remarkable change which took place in the beginning of the nineteenth century in the social condition and circumstances of the poorer classes.

* NOTE.—For a full statement of this question see Lecky's "History of the Eighteenth Century," Vol. 6.

† See "Socialism in England," by Sydney Webb.

The invention of steam, the consequent dethronement of agriculture, and the accession of manufacturing industries, the resultant exodus from the country to the ever enlarging towns, and all the other changes of that remarkable epoch played an even greater part than the French Revolution in the well nigh complete transformation of the national life and character.

It was but natural that as people came flocking into large centres of industry, there should be much distress, which the advent of machinery accentuated.

Many and grievous were the social troubles that resulted from this changed condition. We cannot trace here their course nor enumerate the various remedies that were suggested and applied. We only stop to note the altered circumstances and to record their importance. The demand for some radical change really arose from the poverty and distress in the large industrial centres, and the cause and the cry still exist. No thoughtful man can deny the earnestness of the popular plea; no man of sensibility can refuse his sympathy to the appeal. Can we wonder that vice, misery and crime become the pleasure, the lot and the calling of the unhappy people? Would that more emulated the sympathy of Lear:

"O, I have ta'en
Too little care of this! Take physic, pomp;
Expose thyself to feel what wretches feel,
That thou may'st shake the superflux to them,
And show the heavens more just."

It would seem as if something little short of a miracle could extricate the people from this Slough of Despond. To aggravate the discontent with this terrible condition of life, the sufferers see so much of luxury and ease at their very doors—there is famine in Canaan but there is corn in Egypt. The lurid contrasts can only serve to stir up the passions of the sufferers.

How is this poverty to be removed, this inequality corrected and the many admitted defects of our social system remedied?

As we have already stated, for long the popular cry was for freedom of individual effort. But of later years, that cry has been modified. Men have found that even with the freedom of the individual these crying miseries exist, and they

naturally resent the fact. It is then that some idealists turn their despairing gaze upon the State and invoke its aid. Our concern, then, is with those who, painfully sensible of the suffering of the poor, enthusiastically and earnestly advocate, as the remedy for the social disorders, a complete reconstruction of society at the hands of the State.

It must not be assumed, however, that poverty, injustice and inequality comprise all the essential causes of a socialistic movement. As well as the question of wrongs there is that of rights. Socialists do not claim that these evils should be removed, simply on the ground of the suffering which they cause; they take higher ground. They demand a change as their right. Socialism is an earnest plea for the labourer's right as well as a protest against his wrongs.

It should be noted that, in the Socialist's opinion, the result of the new industrial system was to produce a grave and fundamental political and economic wrong. He recognises that the old system of small ownerships, under which the workman possessed not only his own tools, but the produce of his labour, had to give way because it was unfitted to the changed conditions and was unproductive. He does not desire to go back to this stage of Lilliputian industries. But his quarrel is with the form the new order took. It is the march of capital he wishes to stay, not the progress of industry. The large capitalists to a great extent swallowed up the small industries; but, more than that, they did violence to the rights of that body of men which had grown out of this industrial system—the so-called “proletariat.” They were exploited, it is urged, and robbed of their just rights by the grasping hand of capital, and hence the misery of the poor. To remedy this the “proletariat” must combine in a united crusade to restore the ark of the covenant of labour. The usurpers must be expropriated and the people come to their own again.

Socialism has its source in principles deeply embedded in the nature of society. But, as a writer has well observed, it cannot be said to necessarily arise from them, but to be rather “a highly magnified view of a particular outlook upon them.” The elements of Socialism are both political and economic. The political and economic injustice under which the worker suffers must be removed and justice must be done. On whom should this duty fall but upon the State? The sooner the State

interferes the better, they say.* This brings us to the stage when some understanding of what Socialism precisely is, seems to be required. Too great care cannot be observed in our understanding of the first principles of this subject, for it is a common device of the Socialist to claim all progressive legislation as socialistic, whereas examination will often show that it is nothing of the sort. As an example of the loose application of the term Socialist we may quote Mr. Sydney Webb. He says† “It is true with the collapse of the Chartist movement in 1848 all serious agitation of a socialistic character came to an end.” If Mr. Webb really considers that Chartism was a movement of Socialists, it only proves that even an able man can delight in reading history through coloured spectacles. Chartism succeeded because its demands were reasonable and moderate. Moreover three out of the six points have become part of our constitutional system. Of course there were extreme Chartists but we do not judge a movement by the extremes to which some of its advocates proceed. We do not judge the Covenanters by Balfour of Burley, nor the Cavaliers by Claverhouse. Further the condition of England at the time must not be forgotten; the recent accession of a youthful monarch, the neglected education, and the Criminal Poor Law. Mr. Webb goes on to claim J. Stuart Mill as a Socialist. This is entirely misleading, for although Mill speaks of some socialistic doctrines with modified praise as ideals, he very strongly upholds individualistic principles.‡ Mr. Webb further observes that Mill, “prepared the public mind for socialist proposals apparently on the subject of the unearned increment of land values.” The taxation of land values has recently appeared on the platform of the Liberal Party, yet only a very small proportion of the Liberal advocates of the taxation of land values, go the further step of land Nationalization which is the socialistic goal; and it ought to be observed that even if they did they might still be held to be Liberals, or Radicals, and not Socialists. Even Henry George repudiates the name Socialist, though Mr. Webb kindly extends that title to him. In this and other things it is a distinct fault to make

* This demand for State interference—the keynote of Socialism—marks the difference between Socialism and co-operation.

† “Socialism in England.” Page 19.

‡ Political Economy Bk. 4 Chap. 7. The very book to which Mr. Webb refers as evidence of Mill’s change towards Socialism, c.f. also Bk. 5 Chap. II.

the terms Radical and Socialist interchangeable. The reason of the confusion lies in the want of a term, or definition, or even of a specific theory for the legitimate limitations of State interference. Any attempt to increase the power of the State has been termed Socialism. Such measures as the State control of the Telegraphs, Post Office, or National Education have been and are called Socialism. Belief in a State Church might as well be termed Socialism. The matter has come to this, that for want of a proper term anything which tends to the interference of the State on behalf of the less favoured classes, is promptly called Socialism. This is completely unjustified, though it is true that many ardent reformers and many orthodox thinkers have approved the socialistic ideals. Mill and the late Prof. Sidgwick to some extent regarded Socialism as an ideal, but neither held that the conditions would permit of its realization. The question is not one of end but of means. The ideal might be granted, but the less impetuous reformer would maintain the wisdom of achieving the common end by a slower process. That a levelling process is going on, may be seen by referring to the Budget of 1894 which extended the principle of a graduated Income Tax and death duties. The Socialist puts the cart before the horse ; for the material must wait upon the intellectual and moral conditions. The Socialists make the ideal their starting point, others make it their goal.

While there may be some affinity between a Socialist and an ordinary progressive thinker, nevertheless in principle they are widely separate. Because A. approves of the State ownership of the Telegraphs, is it necessary that he should approve of the State ownerships of the means of production? Assuredly not, and herein lies the difference. The great distinction between Socialists and other reformers can be clearly indicated only by a detailed examination of the principles upon which Socialism is founded. We desire here only to emphasize the necessity of avoiding the error of confusing democratic reform with the socialistic propaganda.

Definitions of Socialism do not help us much in our search after its principles. As we have indicated, the best definition is to be found in the detailed examination of the question. Many writers have attempted definitions but none is satisfactory. However, two definitions may be given. The first one is by the late Mr. Bradlaugh, and on the whole it best explains the connotation of the term. "Socialism denies

individual private property and affirms that society organized as the State should own all wealth, direct all labour, and compel the equal distribution of all produce." (Does Mr. Webb suggest that J. S. Mill would have assented to this?) The second definition is by M. Leroux, who claims the title of inventor of the word Socialism; he says, "Socialism is a political organization in which the individual is sacrificed to society." (Does Mr. Webb suggest that the late Mr. Sidgwick would affirm the justice of this demand?) These definitions though they are exact enough as a general principle of Socialism, are too limited to be illuminating. Mr. Rae, in his valuable book* puts the case of Socialism well, when he says, "Socialism is not only a theory of the State's action but a theory of the State's action founded on the labourer's right. It emphatically declares that every man shall have the sole produce of his labour. Slavery has been pronounced as sinful; freedom has been proclaimed. Independence legally, independence intellectually, now the demand is for independence economically." Man cannot, according to the Socialist, enjoy the first two without the last, so a change in the industrial system must be effected. It may be well to observe here that Socialism professes to take its stand not so much on equality as on freedom, and the full development which freedom affords is to be secured only by a proper basis of collective property.

It must not be considered that all Socialists claim either that their schemes should be realized at one fell swoop, or that the result of their form of government would be to give us a new Heaven and a new Earth, in the twinkling of an eye. Karl Marx, who may now be held as the chief exponent of socialistic doctrine, was a keen believer in natural historical evolution, and he asserted that the laws of development forbade any sudden change in the social state. It may not be a proof, but at all events it is a token, of patience that one of the leading socialistic organizations takes its name from a Roman General, who was the very personification of the adage "The more hurry the less speed."†

There is only one other word of explanation that must be spoken before we enter upon the more detailed examination of

* "Contemporary Socialism"

† The Fabian Society.

our subject. Socialism has very often been unfairly confounded with Anarchy and Nihilism. This confusion is due either to crass ignorance or gross caricature. Neither Nihilism nor Anarchy is Socialism. Both are diseases. In a sense they are, at the most, only phases of a social movement, for which the movement itself is in no wise responsible. Violence is no essential part of the scheme of the ordinary Socialist. The revolution which he would desire would be effected without the beat of a drum or the discharge of a musket. It would be essentially peaceful. The weapon would be taxation,* and the guillotine would fall on property and capital alone.

Opponents of Socialism too frequently mar their arguments by indiscriminate abuse, and by a violence of language which the movement in no way merits. The leading Socialists deserve well of their country. There are moments in the history of nations when the advocacy of extreme measures is a distinct advantage, for it is often only thus that flagrant wrongs are exposed. Socialists have done great service in drawing attention to the abuses in our Industrial system, to the rate of wages, to the hours and conditions of labour, and to the elements of competition. They have forced the State to realise better its duty to the poor, and to undertake many matters which are obviously within its jurisdiction. They have done much to enable Labour to make a stand against the tyranny of Capital, and in many ways they have contributed largely to a better understanding of the political and economic position of the workers.†

We gladly pay our tribute to the honesty and sincerity with which Socialists have worked for the betterment of the lot of the toilers, and we frankly acknowledge their services to economic research. The very sympathy, however, which their aims excite, forces us to a careful examination of the principles upon which their means depend.

The different forms which Socialism has assumed cannot be dealt with here. The unselfish labours of Owen, the kindly theories of Kingsley and the numerous works of foreign writers on this subject, such as Fourier or St. Simon, must be passed over, as well as the remarkable attempts made in other countries

* Prof. Nicholson's "Historical Progress and Ideal Socialism."

† See "The Economics of Socialism," by Hyndman.

to set up communistic states. Nor is it within the scope of this book to deal with the various so-called socialistic enterprises of the last century, viz., Co-operation, Trades Unionism. We have endeavoured to state briefly the preliminaries to our subject, and to correct certain erroneous and misleading statements which would tend to confuse the problem.

This survey may have served the purpose of clearing the way for the uninterrupted discussion of that form of Socialism, which is most widely held and which has been supported by many advocates of brilliant parts, viz., Collectivism.

CHAPTER II.

COLLECTIVISM SHORTLY DESCRIBED.

The difference between individualism and collectivism lies in this, that individualism in its extreme form lays all the authority on the individual, and asserts that every social right must be sacrificed to the individual, while Socialism entirely sacrifices the individual to society. The relation between communism and collectivism is very close, but the main distinction is that collectivism "cannot be carried into practice by the voluntary action of individuals or be illustrated by experiments on a miniature scale."* Collectivism is the Socialism that realises itself through the State, and the subject upon which it operates is a whole nation. It aims at the re-organisation of industry and property upon an entirely new basis, viz., the right of the labourer to the whole of his produce. The manner in which the Socialist would secure his Utopia unlimited may be briefly described as follows:—

There must be no more purely private ownerships of the instruments of production such as land, capital, machinery, and the like. There must be no more private businesses, for the State would be the organised producer and would organise all labour, and competition would be thus removed. The labour of all is to be organised on the basis of the collective ownerships of all the working materials of social labour. Then the collective production of the various industries would be distributed in due proportion to the value of the labour performed by the individual worker. While the individual producer would still be a mere worker, he would be working with a share of his own capital (his labour value) as a unit in the collective ownerships of the means of production;

* Flint "Socialism."

and thus he would be labouring with the collective capital. Each workman, while he is not a private producer, is on equality with his fellows in so far as he is a member, with equal rights, of the organised labour of society. As Schäffle puts it,* there would "no longer exist in the future the present fundamental division of private income into profits (or in some cases the creditors' share by way of interest in the profit of the debtor) and wages; but all incomes would equally represent a share in the national produce allotted directly by the community in proportion to work done, that is, exclusively returns to labour." As regards those who perform services of general utility or what are called "not immediately productive workers," such as judges, artists, administrators and the like, they "would receive a share of the commodities produced by the national labour proportioned to the time spent by them in work useful to the community." Capital could not possibly be enjoyed by the individual, for it would become the property of the State under the form of all the instruments of production. As a necessary adjunct to collective capital we would have collective labour, or rather, as a necessary consequence of collective labour, we would have collective capital. Competition would be abolished. The individual would no more work, as it were, for his own hand; he would be only an atom in the great cosmos of labour. He would be no longer the servant of a capitalist; he would be his own master, and would be paid out of the social capital according to what his individual exertions had produced in social utilities. This system would completely abolish private business, individual enterprise and competitive struggle. Money and credit and all our means of exchange, as we shall see, would also be abolished. In place of money, "labour cheques" would be issued to the worker, in return for the amount of work done.

To carry out this complicated and highly organised constitution, bureaux would have to be formed for the purposes of production, distribution and exchange, and these would be administered by salaried officials paid out of the collective capital. It would be the duty of these officials to check the amount of production and the corresponding consumption, the distribution of profits to the individual labourer, the exchange and other details of this system of co-operative labour and

* "Quintessence of Socialism."

collective capital. This then, in brief, is the alternative to our present system, which the collectivist suggests. Of course there are many details in this scheme which we have not mentioned, but they need not detain us; indeed Socialists are for ever altering the details of their plans. Our concern is with the principles upon which the claim for this new system is based.

The claim is then the emancipation of the working classes by the working classes, and, by means of this emancipation, the establishment of equality in duties and rights.

The root principle in this demand is that labour is the source of all wealth, and thus the produce of labour should belong to the labourer. The fundamental factor, again, in the doctrine that labour is the source of all wealth, is that labour is the one element in the estimation of the value of things. It must be remembered that to the Socialist the present system appears to be sheer robbery. The capitalist and the employer of labour (the "exploiter of labour") are, in principle thieves. The labourer, says the Socialist, should receive the value which his work brings, for, according to the socialistic theory, the amount of labour expended on an article constitutes its value. At the present time, it is urged, the worker receives a wage which enables him merely to keep body and soul together, and the employer receives the surplus value and thus amasses his fortune at the expense of the workers. In a word the labourer does not get the full productive value of his day's work. The capitalist pockets the surplus value. From this it will be obvious that land owners are no less robbers than the employers of labour. It is surely against the first principles of eternal justice, it is urged, that "this wide fair earth" should belong to a privileged few. Indeed, it is not without a note of conscious triumph that the Socialist refers to the history of the acquisition of land. With more justice he points to the anomalies of land tenure in the cities. But the land question, as we shall see, cannot be discussed on the same footing as the industrial problems, for many of the first principles are not identical.

There seems to be only one further remark which it is necessary to make at this stage, and that is the pretended disclaimer by some modern Socialists, of the doctrine of the theory

of value, elaborated with so much labour and ingenuity by Karl Marx. Mr. Webb* claims that "the rank and file of the Socialist party do not found their Socialism on any special economic theories, but upon the patent results of individual ownership, as shown in large payments for rent and interest." Mr. Webb thus seeks to disclaim Marx as the Socialistic leader. We do not marvel at this attempt, for the inability to establish the value theory means the complete failure to establish the truth of the assertion that labour is the source of all wealth. Mr. Webb may endeavour to get rid of Marx's inconvenient company, but his fellow Socialists make no such attempt. It would be difficult to produce evidence that the rank and file of Continental and British Socialists repudiate Marx's value theory. Mr. Webb would take his stand on the doctrine of rent and interest. This may be a part of the socialistic doctrine, but it is not the vital question, and those who, like Mr. Webb, accept the whole of Socialism, at all events who call themselves Socialists, because of the justice of the socialistic conception of rent and interest, are clearly bound to be held responsible for adhesion to the central feature of the socialistic movement, the exploitation of labour on the basis of the value theory. We must, therefore, regard Marx's value theory as of first importance in considering the problem before us.

This brief sketch of collectivism will have been sufficient to indicate to the reader the nature of the revolution which Socialism would effect by its complete re-organisation of industry and property. It is claimed for this scheme that by it alone complete national and individual self-realisation is possible. It would remove all existing anomalies and inequalities. The poor would be no longer with us; neither would the rich. Labour, it is urged, would at last receive due recognition, and instead of being degraded would be elevated. The labouring classes would be better able to enjoy the delights of art, literature and science. There would be no more close boroughs of comfort; education would be common; equality of opportunity attained, and the final note of the world would close full on peace and prosperity.

* "Socialism in England."

CHAPTER III.

THE THEORY OF VALUE.

We have indicated that the fundamental principle upon which Socialism is based—the exploitation of labour, and the consequent appropriation by the capitalist of the surplus value—has its foundation in the theory of value. Let us examine this theory very closely, because upon it rests the whole fabric of Socialism.

Karl Marx, in his great book on capital,* which we may take as the most authoritative work on Socialism, gives us an account of the origin, accumulation and powers of capital, and he defines it according to his own principles. He denies the accuracy of the ordinary theory of capital, viz., that it is the portion of wealth set aside for future productive needs and uses; he regards it as independent wealth employed for its own increase. How, he asks, has all the wealth come into the hands of those who do not produce it, and whence the constant increase of this capital? It must be observed that Marx represents capital as money. The capitalist advances to the labourer the raw material and the means of operating upon it, for the sake of securing a return. The money so advanced in raw material and machinery is capital. The increase of this capital and its consequent accumulation, and the increase of the value, can only be due to production. Who then, works this production? The labourer. This is the pivot on which the whole socialistic system turns. Yet in fairness to Marx it must be observed that he does not seek to deny that the owner of this capital has done much to assist production, and thus give employment to the labourer; but he clearly asserts that the reward to the capitalists is far too magnificent, and that the labourer, who is the real producer, is virtually robbed

* "Das Kapital."

of the value of his work. He labours say ten hours, in four of these the capitalist has paid off his wages, and the value of every hour's work thereafter finds its way as *extra* profit into the pocket of the capitalist. So we come again to the surplus value. In short neither commerce nor capital makes the value. This mistake is due to the fact that Marx identifies money with capital, and so comes to the conclusion that labour is the root of all value, and that the value of an article corresponds to the amount of time and labour expended upon it. Labour is the root, he holds, of our social system, and its importance calls for a full recognition of its rights. It has been exploited; and the wage system under which it works is a scandalous though a legalised robbery. Can this theory of value on which the labourer's right is based, stand the test of economic criticism?

We have already pointed out Marx's error in identifying capital with money. It is unnecessary here to go into details to prove that capital and money are not identical.*

The first step that Marx takes, is to arrive at a proper estimation of value in use and value in exchange. He owes this confusion to Adam Smith, who, as Mill points out,† uses the word "value" ambiguously. As Mill says, Adam Smith did not make it clear that in political economy, "the use of a thing means its capacity to satisfy a desire, or serve a purpose." Now we cannot differentiate value in use, and value in exchange, after the fashion of Marx. If a commodity has a value in use, its exchange value may be less than its use value, but no one will give in exchange for a commodity more than what appears to be its value in use to the individual himself. The two terms are intimately connected and cannot be entirely divorced;‡ so Marx falls into a fundamental error when he insists on leaving the utility of the article out of account, in estimating its exchange value.

Let us take a common example of a commodity which appears to have much value in use and none in exchange, namely, Water. And here we have as good a refutation of

* "Wealth of Nations," book 2, chap. I. and "Principles of Political Economy," by J. S. Mill, book 1, chap. IV.

† Mill, book 3, chap. I.

‡ For an examination of this subject see Mill, book 3.

Marx's theories as in any other instance. Is it so that water has no value in exchange? The Bible tells us no. But leaving out of account the purchase of water by the Israelites, let us come down to modern times. In India—to omit other examples—when water became scarce, it not only had a value in use, but it assumed a value in exchange, because a regular traffic in water originated, and it was hawked through the streets. It may be urged that this is an extreme case, but its very extremeness shows how any commodity may derive a value in exchange; and it proves that Marx does not recognise these natural causes which limit commodities, and thus he neglects the law of supply and demand. What is value in exchange then? According to Marx it is not value either, but only the “form under which, in our society, value manifests itself.” What does this mean but that this manifestation of a form of barter through the agency of money, itself a result of labour, demonstrates that some people wish certain things, others other things, so that it is the demand that creates the supply, and thus the article assumes a real value. Marx, in fact, goes back to primitive bartering days and does not accept the present exchanging conditions. He says we cannot compare two different kinds of utility, *e.g.*, a fiddle and a loaf, and so he dismisses the utility of the article in estimating its value, and asserts that the amount of labour is the ratio of exchange. Labour is the one common attribute. But, for example, if there is a “boom” on fiddles, then, say the demand is greater than the supply, fiddles will rise in price, and that is our criterion of their value—at least their present value—and surely they have an enhanced value entirely apart from the amount of labour expended on their production. At the time Cremonas were first made their value was little above the normal values of the fiddles of the day. Yet consider what prices Cremonas command at the present time. Surely something more than labour created that enhanced value. Marx would here say, ‘Oh, yes, but that is value in price.’ But then Marx himself admits that “price is only a particular form of value.” Value in price is the value of a thing in relation to money. The exchange value of a thing is its power of purchasing, and when we add value in price we mean the exchange value of an article with money. And yet Marx says this exchange value can be measured in money and yet has no value! This is simply arguing in a circle. Marx now tells us that “a day's labour of given length always turns out a

product of the same value." Commerce, the market, utility are all dismissed, and again we return to the central factor, as it appears to Marx, namely, Labour. Now then, if "a day's labour of given length always turns out a product of the same value," is the inexpert and lazy worker as productive, and does he give out the same value as the expert and industrious worker? Marx wriggles out of this difficulty by saying "No, because it is the socially necessary time of labour." If a tailor makes a coat in three days, and another tailor requires six days, which is the socially necessary time? The "socially necessary time" is the time which society at that moment has laid down as a standard. But how are we going to arrive at that standard? It is always changing. Why? Because competition, Marx's *bête noir*, forces it to change. The struggle to get a better wage than his neighbour has made man strive to turn out better work in shorter time. It may be comparatively simple to estimate the duration of labour, but how is the productiveness of labour to be arrived at? Marx archly answers that we must ascertain the total product of all labour in a particular trade and strike an average. Then the indolent is to reap the benefit of the labour of an industrious brother! The tailor who took six days is to reap the benefit of the one who took three days. What encouragement or incentive is that to greater efforts? Further, in considering the productivity of labour, natural conditions, such as a good or bad year in agriculture, must not be forgotten.

Marx now approaches his climax. Nothing could have any value which did not cost labour, and value is just so much labour. But there are some things which did *not* cost any labour that yet *have* value. Then again there are some things which *did* cost labour and yet have *no* value. In the former case Marx says they have only a price and no value. It is needless to argue this point again. We have already pointed out the fallacy of Marx's price and value theory. They have a value which can be measured in money, and yet they have no value! Things that have no value, according to Marx's labour standpoint, are daily being exchanged for money; yet they have no value!

As regards the second set of cases. Is it possible that those things which *have* cost labour can have *no* value? Yes, Marx must bow down to facts. He observes, however, that

the labour expended upon them has no value because they are useless, have no utility, *c.g.*, the man who manufactured, say, a patent article which satisfied no desire or want in others, and served no purpose. But why is the labour on this patent socially useless? The answer is simple. Because the patent was useless, because there was no demand for it. Thus Marx has attempted to set up a new theory of value, and yet he has been unable to do anything, except to formulate a hypothetical principal of exchange. The vicious mistake in Marx's whole theory is the dismissal of utility, scarcity and the natural law of supply and demand, and the substitution in their places of labour and labour alone.

The inability of Marx to establish the proposition that labour creates the sole value of a commodity involves the failure, to a large extent at any rate, of the socialistic system. It cannot now be said that the labourers earn all the wealth and are therefore entitled to it all. The cry of the exploitation of labour becomes a mere echo.

Before concluding our criticism of Marx's theory of value based upon labour, it is necessary to note an unfortunate error into which the author of "Das Kapital" falls. If he does not quite overlook, at all events he detracts from the value of, scientific and skilled labour. It would be unfair to Marx to say that he does not recognise the difference between skilled and unskilled labour. But if the duration of labour is to be the standard of value, how are we to deal with such a case, say, as the musician and the navy? Let us assume that Paderewski makes a thousand pounds in an hour's recital. The navy would require to work about twenty years to make such a sum. Marx says he would reckon the musician's day as equal to so many days of the navy. But how can he prove, even if he put thirty days work of the navy as equal to one day's work of the musician, that the navy's thirty days' work is equal to the one day's work of the musician? But if one day of the musician is equal to thirty days of the navy, is the value of the thirty days equal to the value of the one? Marx omits the question of productive labour and the utility involved in it. A. works thirty days carting sand from the seashore. B. in three hours has discovered a diamond in a South African mine. Then in thirty days the value of A's work will be more than equal, according to Marx, to the value of the three hours' work of B. It is difficult to see how the mere duration of labour can be

accepted as a measure. Some men, even working at the same task, can put far more labour—and thus be more productive—into eight hours than other men. They are yet to be held as of equal value. This is no doubt one of the reasons why Marx is opposed to piece-work. He objects to piece-work because it involves competition. Take the case of two men working at different looms in the same mill and with the same machinery; the one man may make more than the other in the same duration of time. This reward for industry does not suit Marx's book at all. How is he going to measure the value of the labour of these two men? Further, in a socialistic state there would be no such system as piece-work. That piece-work is beneficial to trade cannot be doubted. It is an incentive to labour. The labourer has the matter in his own hands. It may increase the "intensity" in the labour, and thus that labour may become unproductive. Experience, however, has proved that this "intensity" usually rights itself in the end, and that it is not confined to piece-work. Whenever it is possible, both employers and employees prefer to use this method of labour. But in piece-work experience proves that, in his average hours of labour, the skilful man does not take more out of his body or mind than the less skilful. The more expert worker can turn out better work without increasing the intensity. All that seems to be required is supervision by an outside authority. This is effected by the Board of Trade under the Factory Acts.

To revert to Marx's measurement of value by duration of time, it only needs further to be said that under it there would be much unfairness, owing to the difficulties of measuring, whereas, according to the present custom, a man is usually able to find his own level. This will happily become more true as our educational system improves, by affording everyone a fairer equality of opportunity at the outset of the struggle.

It is not necessary here to go into elaborate details of the various factors that go to make up the value of a commodity. It is sufficiently obvious that the time of labour alone does not constitute the value, except in the case of commodities which are capable of indefinite multiplication. Social utility is the real element in the creation of value. A. may work fewer hours than B, but his salary may be a hundred times larger, and this is simply because A.'s work is of a greater social utility than B.'s. A navvy may work 10 hours for 5s. and a

manager may work 8 hours for 15s. The difference in the reward is entirely due to the social utility in the one case being greater than in the other; it is quality in work, and not quantity by which we adjudge its value. This difference is a daily attested fact, and if a Socialist says this ought not to be so, and that it is unjust, then he must satisfy us that his ideal standard of value would be any less unjust. We have seen that his ideal standard will not bear the test of analysis, and that it would create a state of matters as unjust as it would be incongruous. The Socialist demand, therefore, for the recognition of the time of labour alone as the criterion of value, is neither in accordance with economic truth, nor in harmony with the principles of justice.

CHAPTER IV.

COMPETITION AND THE WAGE SYSTEM.

In the view of the Socialist, Competition and the so-called "iron law of wages," are the two most detestable elements in our industrial system and they appear to him to be fatal to the interests of the workers.

Is competition this unmixed evil? Can no good thing come out of this Nazareth? According to the Socialist it leads to the exploitation of labour, to misery and to poverty. It must be observed that all the evils of competition are represented as falling exclusively on labour. The Socialist neglects the fact that the capitalist also can, and does, suffer from over-competition. It would, however, be unfair to say that labour has not very serious reasons for complaint. Too frequently has it to succumb in the struggle with capital. Nevertheless it is becoming more and more possible for labour to hold its own against capital, though a recent decision in the House of Lords has momentarily weakened the legal status of Trades Unions.

Is it fair to argue from the abuses of competition to a general condemnation of the system? Indeed the odium which has been attached to competition is partly due to the word itself. As Professor Marshal points out* it has come to mean pure "selfishness and indifference to the well being of others," and accordingly he substitutes another phrase, viz., "economic freedom." According to Toynbee, "Competition is neither good nor bad in itself; it is a force which has to be studied and controlled." In our view this control is the essential element in the question, for the competitive instinct is innate in man, but, like all human qualities, it requires to be

* "Economics of Industry," page 6.

controlled by ethical principles. The benefits of competition are far too many and too weighty to be counterbalanced by the fact that abuses exist in it. There is less wrong in the principle of competition than in its application. Clearly a first function of the state is to preclude the possibility of the misuses of competition, and to see that the scales of justice are properly balanced between the different classes. There can be no higher aim in legislation than the endeavour to secure equality of opportunity in the competitive struggle. If A. and B. go to a well to draw water, it is only fair that each of them should have a rope of equal length. It is too true that many grow discouraged when they find themselves falling behind in the struggle for existence, and through discouragement, fall into destitution and crime. But it is a striking fact that during all the years of industrial competition, pauperism has been on the decline. Neither competition nor the absence of competition, more than any other device which the wit of man has so far suggested, will cure pauperism, but a great deal may be done by sympathetic and prudent legislation to alter the conditions of life.

While, however, it is a fault to blame competition for all the ills a State is heir to, it is no less an error to unduly exaggerate its benefits and its powers. It should be borne in mind that competition, as a governing principle of contracts, is only a modern product. The influence of custom must not be disregarded. In history we discover that transactions were largely, if not wholly, based on custom, and it was only as monopolies were becoming fewer that competition affected prices. Take Mill's instance of the bookselling trade. Not even now have the trade rules given in completely to the stress of competition, though the conditions are much altered since Mill wrote. The 3d. off the shilling, which is still almost universal, is due to custom more than to competition. The underselling in retail business, which is so marked a feature of the present day, is certainly due to the competition of large capitalists, whether individuals, trusts, or limited liability companies. Undercutting also exists in the labour market, but not to so large an extent as in the case of small retail dealers. Public opinion has arisen against the undercutting in the labour market. Trades unionism is an efficient protection against excessive labour competition, and public opinion will always side with the unions against obvious industrial abuses.



It is only right to say that one of the greatest claims Socialism has to respect, is the valuable light it has shed upon the evils of competition, and the manner in which it has effected their removal.

Does it follow, then, that the best we can say of competition is that it is a necessary evil? We think not, and we are greatly strengthened in that view by Mill's weighty pronouncement upon the subject. He says, "Instead of looking upon competition as a baneful and anti-social principle, which it is held to be by the generality of Socialists, I conceive that even in the present state of society and industry every restriction of it is an evil, and every extension of it, even if for the time injuriously affecting some class of labourer, is always an ultimate good."* While "laissez faire" is not the attitude to adopt on this question, it can be shown that the antagonistic standpoint of the Socialist is still less to be commended.

It is surely beyond dispute that Free Trade conferred an inestimable boom upon British commerce and industry. Yet in adopting Free Trade, Britain simply opened her arms to competition. Moreover, competition does a very real service to the poorer classes, for it acts like Free Trade and cheapens the articles which they consume. This of course is competition outside the sphere of labour. As regards competition among labourers, as Mill observes, it is a source of high and not of low wages, "whenever the competition for labour exceeds that of labour." If the wages in the labour market are low, the reason is that the supply of labour is in excess of the demand. Will the Socialist put restrictions on population? Is Malthus also among the prophets?

This competitive element we believe to be a necessary adjunct to our industrial life, because the principle of competition involves the principle of the liberty of the individual-economic liberty. Competition undoubtedly is abused, but in itself it is not evil, and it is, in some form, essential to progress. It should be observed, moreover, that the individual liberty, which real competition means, does not, as Socialists urge, of necessity imply selfishness. The private competitive management of industry, while it secures the attention of everyone to his own business, does not imply that the individual must, in

* Principles of Political Economy, book 4, chapter 7, section 7

looking after his own house, do damage to that of his neighbour. If everyone manages his own business well, and succeeds, he is helping on the trade and prosperity of his country, and so he becomes the benefactor of the labouring classes. The sordid view taken of competition by Socialists, as of a cut-throat affair, involving everyone for himself, and no one for the State, is absurd, because the competitors have this at least in common, that they desire just laws, and good legislation—selfish though the motive may be—in order that the commerce of the country may remain intact. In times of national danger, as has been further demonstrated recently, all petty trade feeling is set aside. Our present system is not perfect, and it should be amended, but under free competition, self-interest is itself a national safeguard; and we should be in great national danger were we to make the Socialistic substitution of collective ownership. Many other advantages might be enumerated which accrue from our free system, but we shall content ourselves with only two more.

Our present competitive system is no friend to indolence. The same cannot be asserted of a collectivist state; for, as Mill says, "where competition is not, monopoly is, and monopoly in all its forms is the taxation of the industrious for the support of indolence and plunder."* A Socialistic State is just a monster monopoly. We are not optimistic enough to believe that the motive to work would be greater in this State than under the present system. There is as much "*esprit de corps*" to-day as we are ever likely to attain to, and, in this new State, indolence would be too prone to triumph over patriotism.

Then, with the complete abolition of competition, the stimulus to invention would be largely destroyed. At present, for example, the patentee of an article, which supplies some felt want, reaps a golden harvest as the result of his ingenuity. Whether or not that reward is too magnificent in proportion to the labour expended on its invention is not the question into which we have to enquire. Patents, like other commodities, obey the law of demand and supply; and the elimination of that law, which is the goal of the Socialist, would take away the motive of all invention, as well as of individual enterprise in other directions. In the Socialistic State a man might

* Principles of Political Economy, book 4, chapter 7.

invent a wireless telephone, or a cheap golf ball, and be not a stiver the richer. Would the genius of an Edison, the learning of a Kelvin, the daring of a Marconi have been developed if they had had to labour under an unremunerative socialistic system?

The question of the stimulus to individual enterprise is the fundamental principle at the root of a competitive system. In a collectivist state, individual enterprise would be gone, and when that disappears, we may say farewell to prosperity. Competition affords that incentive to labour which is essential to success; it is ambition's handmaiden. Protection from competition implies that we desire to be "saved the necessity of being as intelligent as other people."

Closely allied to this question of free competition or economic liberty, is the problem of the wage system. Collectivism promises the abolition of the wage system—wage slavery it is nicknamed. The whole of productive labour is to be placed in the position of a paid official department. As we have already stated, every man is to have paid out to him, as the reward of his "socially necessary labour," labour cheques, which will enable him to purchase the means of subsistence. Let us take a brief glance at the economic aspect of the wage system.

Lassalle, in particular, devoted much enterprise to the effort to prove that the teaching of economists on wages involved an "iron and cruel law." Quite briefly and popularly put, this teaching was, that the price of labour, like the price of other things, tended to settle at the relative cost of its production, and the cost of production was simply the cost of the subsistence of the labourer, according to the standards of living which were at the time customary among his class. This was the centre of gravity to which wages would return, although at intervals they might rise above, or fall below it. If they rose higher, then, in their prosperity, the workers would marry, and ultimately their children would come into the labour market, and by force of ordinary competition bring the rate of wages down, and *vice versa*, in times of low wages, marriages would not be contracted, and there would thus ultimately result a diminution in the supply of labour, and the rate of wages would rise to the old level. Now this economic law, even as stated, is neither so harsh nor so adamant as

Lassalle and other Socialists maintain. The very statement that the "necessary" subsistence of the labourer is to be determined by the "standards of living which had become customary in his class," implies that the matter is, to a large extent, in the hands of the workers themselves. If there were a continued period of high wages, the standard of comfort might be permanently raised. The Economists, from this law, pointed the moral, that the labourers should raise the standard of their living as high as possible. Moreover, Ricardo indicated that this law might well be expanded under progressive conditions, and that capital might increase more rapidly than population. A new element is introduced here, and it is one to be remembered, viz., the demand for labour. If a community is prosperous, and capital has been accumulated past the mere saving stage, then it will be thrown into the industrial market for purposes of further accumulation; and the one condition of this accumulation is the productivity of Labour. So the rate of wages, even on the showing of economists like Ricardo, is neither a cruel nor an iron law. However it must be noted, that this treatment of the law of wages omits many essential elements. The rate of wages depends on the supply of Labour and Capital, and the relative quantities of each, and upon the productivity of labour itself. The more productive the labour, the more efficient the labourer, the more the revenue and stock of the country will increase; and with the increased prosperity of the community, the labourer will benefit and he will be able to raise his standard of living. The great danger of Trade Unions is their tendency to arrest production. Again, the more the revenue and stock of the country increases, the greater will be the demand for labour. The increase of this capital depends on many industrial conditions, but chiefly upon the productivity, that is the efficiency, of labour itself. Furthermore, competition does not take place only among the capitalists, but also among the labourers. The rate of wages may also depend on such causes as the general condition of trade, the price of food, etc. It cannot on any grounds, therefore, be maintained that the law of "necessary" wages involves, as Socialists assert, that the workers are incapable of improving their condition, and that they do not derive any benefit from the increased productivity of their labour. The labourer is more than a mere creature who has to sell himself in the cheapest market. Trade Unions enable him to demand his price, and they have raised the rate of wages. Moreover, the

higher the wages, the greater must be the acumen and industry of the employer in order to obtain a profit. Can anyone say that under a socialistic régime a salaried manager would be as capable of paying high wages, and yet of securing the profits necessary to pay these wages, as is an employer, under the present system, who is actuated by enlightened self-interest?

Let us turn for a moment to the socialistic assertion that the labourer is, under the present system, deprived of the real value of his work. We have already discussed the question of surplus value. It will only be necessary for the sake of clearness to reiterate here that, in the socialistic view, the time a man spends in labouring for what will give him the means of subsistence, is the "necessary time of labour," and that every minute that he works after that is accomplished, is the surplus time of labour. The value so created is the surplus value. This surplus value is increased either by cheapening the means of subsistence, or extending the hours of labour. A man works say ten hours a day, his wage is 3s. a day, for that will buy him and his family the means of livelihood. He will create 3s. worth of value say in five hours. The remaining five hours he works for nothing and gives the employer 3s. worth of value. Thus it will be seen he earns only half of what he produces. To the Socialist, this paying of wages in money is the subtlest device of the evil spirit which has entered into the industrial body. Were it not for the paying of wages in cash, the labourer would not be blinded to the robbery of the produce of half of his labour, and he is deceived into the belief that he is fully paid for his labour. But is this profit of the employer really a robbery? Is the labourer entitled to all the produce of his labour? Surely not; for the employer may fairly claim a return for his output in machinery, buildings, and the expenses of organization. The Socialist forgets that the capitalist has spent not only much money in providing the tools, etc., for the labourer, but he has also provided the worker with work in so far as he has founded, or is at least carrying on, a business which gives the labourer employment. He has supplied the head work, and it is a gross mistake to lay the stress on purely manual labour and to omit the great industry and ability which the organization and successful carrying on of a great business demands. Each year it is becoming more impossible for employers of labour to overwork their employees, and the rate of wages is much higher than the level of the mere

means of subsistence. It must not be forgotten that anxiety for success falls on the employer. The haunting care involved in a large business may ride behind the employer's carriage, while the labourer, provided he keep his health, has none of the anxiety of his master, and in most cases is content with his life. The statement of the Socialists that the yearly production, except the mere subsistence wage which the labourer is supposed to get, goes to the comparatively small body of capitalists, is incorrect. A great deal goes to doctors, artists, engineers and others skilled in professions. Then the wage system is not always favourable to employers. Many instances could be cited of undertakings which have involved the employment of great numbers of labourers, and have in the end proved failures. The labourers received their wages, but the promoters lost both their money and their time. Then, in such a case as a long contract, should the rate of wages rise, the employer may be involved in heavy losses and even in complete ruin. Railway companies employ vast numbers of labourers at a high rate of wages, and how many of these concerns pay dividends? The Socialist would like to adopt towards the capitalist the attitude of heads I win, tails you lose.*

The answer to the socialistic charge of the injustice of interest is to be discovered in the question of social utility. Mr. Rae puts the case in a sentence. "Interest is just," he says, "because capital is socially useful and because the owner of capital in applying it to productive purposes, renders a service to society which is valuable in the measure of its social utility." It is urged that the State could perform this service itself, but would that be as economical or as useful? It would be neither the one nor the other. Under private management, as few clerks and officials as possible are employed, but in a socialistic state the tendency would be to increase the officials at the expense of the public and with rash imprudence. The fact of the whole matter is that while in some cases, the amount of interest and profit earned by individuals may be excessive, yet

* It may be noted here that it is a custom among Socialists to assert that the large capitalists (including Companies) swallow up all the small ones. This is no more true than to say that sharks swallow up all the small fishes. There is abundant room, and there is a necessity for small subsidiary industries. Small industries can do what big concerns cannot do with profit, in so far as the large businesses would be consuming steam and wasting time upon what is not sufficiently profitable. When a speciality or novelty is required, small industries can more capably do full justice to its production. This is also true when variety is required.

the principle upon which the present system is based, is perfectly just, viz. :—The rewarding of individuals for particular services, which in the end, is far more economical, and far more productive, than State-owned industry, and the employment by the State of a large body of salaried officials. As regards the cry that wages tend to produce industrial crises, the answer is found in historical experience. It has been repeatedly proved that the paying of high wages is profitable to the employer. Take the case of America. Wages there are much higher than in this country, yet few will be bold enough to assert that America is the land of industrial paupers. High wages give a stimulus to invention. Experience also proves, as in America, that those working for high wages, on account of their skill, produce better work in a shorter time.

There is another fact which deserves attention, and that is, in a collectivist state, the sense of responsibility would be removed from the worker, and his "power of acquisition" would be reduced. Indeed, human nature would have to be considerably altered if Socialism were to be effective, for under a collectivist *régime*, man does not need to care whether he is productive or not, for the State is his Providence.

It needs only to be added, that if the law of wages reduces man to a bare subsistence, it is not so much the fault of the law as of the individual. If a man has not sufficient character or strength to rise superior to this law, the fault is generally his own.

It is urged that the wage system is degrading. Wherein is the degradation? A doctor accepts a fee—what is the difference? After a worker has finished his day's work he is independent of his master. If the workers have a true sense of their independence and a consciousness of the real dignity of labour, there can be no degradation in passing through the pay day stile. It is not the wage system nor competition that leads to degradation, but the compulsory labour system, and the absence of individual exertion.

The wage system is not a perfect one. Much has to be done to supplement it, and indeed to change many of its features. But it is almost criminal to rouse the passions of the workers against a system, which is by far the most generous to the labourers, that the wit of man has yet devised.

Capital is not evil in itself. The evils which have arisen out of capitalism are great, and capitalism has in the past overstepped the bounds, not alone of rectitude, but of policy; and that it may not again fall into the same error is by no means certain, especially when we consider the modern developments of large trusts. Let labour beware of imitating the bad example of capital.

The disastrous consequence of adopting the collectivist principles must be apparent, for competition, within certain limitations, is essential to successful trade. Capital is no less so. The separation and yet the inter-dependence of labour and capital is an historical and economic fact. Unite them into one as in a collectivist state and there would be no real distribution of wealth, individual enterprise would be destroyed and, as a consequence, production would be limited and gradually cease.

CHAPTER V.

SOCIALISM AND LIBERTY.

We said in the introductory chapter (page 9) that Socialism proposed to take its stand, not so much on equality as on freedom; and that in the socialistic view, the full development which freedom affords can be secured only by a proper basis of collective capital. This claim of freedom opens up grave questions, and it has been urged by Socialists with great earnestness, and from high motives. Nevertheless, Socialism is the very negation of freedom. What does this scheme for the unification of capital and the nationalization of labour mean but the substitution of industrial authority for industrial liberty? The State is to regulate all things economical; production, distribution and exchange; and this, in plain English, implies that man is to exist only through the State, and not that the State is to exist through man. Authority is here to take the place of freedom of contract. This involves the entire question of industrial liberty. Now what does industrial liberty involve but personal liberty? The academic question as to how much liberty the individual may enjoy is without the scheme of this book. The position of Mill, and, in our day, of Herbert Spencer, is almost as erroneous as that of Marx and the Socialists; for the truth lies between the two extremes. The real question to be considered is not the amount of liberty due to the individual, but his right to liberty. Socialists grant the right, but their proposals would not lead to its realisation. Under their system everyone is to be forced to labour, and the individual will have neither the choice of his work, nor of his wage. This Moloch demands the sacrifice of everything to its greedy flames. The substitution of authority for the free action of individuals underlies the whole question, for in every department we shall see that before anything can be done by the individual, he has to appeal to the State, in the form of State officials.

Take the case of the choice of an occupation. Socialism professes to offer freedom of choice, but it is not difficult to see that the profession is vain. At present, freedom of choice is only limited by the natural conditions of supply and demand, and subject to this, man is free to choose the occupation most to his taste. These conditions would still exist in a socialistic system, but under the restrictions of the authority of the State. Most men would naturally desire to enter pleasanter trades, but the disagreeable work also must be performed. At present if a man performs disagreeable work he does so because necessity has driven him to take whatever work he can get, or, if he labours in a dangerous trade, he takes the risk on account of the higher wage which the danger involves. But in this new state individual necessity cannot drive a man to disagreeable work, because poverty is to be no more. Why then should one man be made to perform a disagreeable task instead of another, for all are equal? Who in this new state are the descendants of the Gibeonites? The State will have to decide the matter, and those selected for the unpleasant tasks may have every reason to complain. How is the State going to decide this point? Competitive examination is out of the question because it would violate the root principle of Socialism. Would there be a drawing of lots? In that case efficiency would be sacrificed. It is always to be observed that no matter how dangerous the trade may be, the reward is unchanged, for it is fixed as the recompense for "socially necessary labour." So we see that the liberty of choice would be *ipso facto* impossible, and no incentive or encouragement would be given to men to engage in labour of a dangerous or disagreeable nature. Suppose, then, that my work in this socialistic state was to clean the streets, and that I had to work eight hours, what guarantee would my fellow-men have that I was not working only to the value of six? In other words, what guarantee would the State have, that I was not defrauding the public? There is no great charm in the occupation; there is no incentive to work, because if in that time I clean 50 streets there is no greater reward than if I clean one. Would it then be necessary to have overseers to watch me? If so, and it is generally admitted that overseers would be necessary in every trade, which is the more degrading to the worker, this servile, whip in hand, overseeing plan, or the labouring quietly for a wage on piece-work? But it is perhaps urged, there are foremen in every trade at present whose duty it is to keep

order and to see the work done. Quite so; but if the worker at present is found not to be performing his duties properly, or to be guilty of misconduct, he is dismissed. But in the socialistic state, what are you going to dismiss him from, and where are you going to dismiss him to? Will you send him to prison? Then he works under fears of pains and penalties, and would he be better off or more dignified than he is to-day? You cannot send him out of the country because he is a co-partner and therefore a fixture. This is just an example of the impracticability and inconsistency of Socialism, and of its failure to give us a feasible plan.

Then again in this new State, will the labourers consent to change their occupation should the demand fall off for the kind of goods in the manufacture of which they are engaged? Will they submit to the *order* to change, and to be taught another trade by a State officer? In the present economic state workmen move when wages fall, in consequence of the decrease in the demand, and they go where there is a demand. But Socialism is unable to allow this free movement, and fixes the day's work only on the basis of the mere cost in labour time. Men must go where they are ordered, if a change is necessary. If the workers were not compelled to change, the only result would be that they would be labouring at the manufacture of an article for which the supply was infinitely greater than the demand; and so their labour would be unproductive. The Socialist is here placed on the horns of a dilemma; on the one hand compulsory change, on the other unproductiveness. If the Socialist would recognise the value in use, and include it in his estimate of labour, a free movement would be possible. We have seen, however, that he denies such a principle, and that he adheres resolutely to his pure and simple "labour value." Consequently, a free movement is impossible. As a result of the want of freedom in production there would follow little freedom of consumption. We cannot agree that the collective ownership would tend necessarily to a great uniformity of demand; because, do what you like with men's bodies and souls, they will always have diversity of tastes, and therefore there will be diversity of demand. It is true that certain demands, such as for champagne, would be considerably less, because no one would be able to afford such a luxury. The demand for things that are limited by nature would be bound to be different. We may well ask how

much is one individual to consume? That will depend on what he is allowed to receive. How is the distribution to be worked out? There would be an official enquiry into the collective production and consumption, and the wants and tastes of individuals would be registered as if they were births, deaths or marriages. This would require to be done in order to show the effect that individual tastes would have upon the market. It is argued that through this "the national production could adjust itself to free demand." This proposition cannot be upheld, but if a free demand was the result of Socialism it would be a free demand at the expense of a slave-driven supply, and also at the expense of individual sacrifice. The State would no doubt check what was injurious to the people. But what is that but tyranny, save perhaps in one or two exceptional cases? Much would depend on the opinions and tastes of officials. If the officials were vegetarians, anti-vivisectionists and anti-vaccinators, etc., the public would have to follow suit. In other words, public opinion would be largely valueless. It must not be assumed that it would be altogether so, because in course of time public opinion is bound to affect even officialism. Nevertheless, the substitution of official authority for individual liberty would entirely undermine the national life and character. This pretended emancipation of the labourer, in a socialistic state, would result in as despotic a rule as exists under the Russian autocracy, for, as we shall see, intolerable officialism would undoubtedly be a result of Socialism, and this apotheosis of officialism means slavery.

The weakest spot in the armour of the Socialist, is his inability to offer any plan, by which the individual may have the same interest in the collective work as he has under our free system. As we saw in our examination of competition—Economic Liberty—one of the great results of our present system is the stimulus it gives to strenuous labour. But there is a further point, as a result of the loss of economic liberty the labour of the individual would be less valuable. In this collectivist state we have conditions nearly identical with slave labour. It is a well known fact that slave labour is the most unproductive of all forms of labour. This was frequently recognised by slave owners, and to remedy it they sometimes offered rewards, with the result of a marked improvement in the production of work. But in the socialistic state even such rewards will be unknown. Socialism would need to have some

method of granting favours to individuals for performances of peculiar merit, and it would have to see that the countless individual energies were directed into the most profitable channels. This must be done, not by the whip of authority, but by the spur of self-interest.

No doubt there is at present much injustice in the distribution of wealth. But in endeavouring to effect a remedy by the socialistic cure, we only add other and more fell diseases to the body politic. We should rather bear the ills we have than fly to others we know not of. Professor Sidgwick says in his "Elements of Politics," "It seems to me indubitable that the attainment of greater equality in the distribution of the means of enjoyment is in itself a desirable thing, if only it could be obtained without any material sacrifice of the advantages of freedom." But that is just where the shoe pinches. Man has a right to fair labour, and he has a right to free labour, but in this new state, his liberty of choice would be gone, and his freedom of action considerably curtailed. His industrial character would be merged in that of the state, and all the strength which the personality of the individual has imprinted on our national life would be lost. To substitute industrial collectivism, for industrial competition, is just to substitute slavery for liberty, to barter our freedom for a mess of pottage.

CHAPTER VI.

THE EXECUTIVE : GOVERNMENTAL INTERFERENCE.

In the last chapter attention was drawn to the dangers involved in the excessive powers of the executive, but chiefly in the direction of the subversion of the liberty of the individual. There are one or two other considerations on the results of officialism which require to be emphasised.

One serious consequence of the placing of absolute power in the hands of the executive or State officials would be the loss of popular control. It may be urged against this that by a free and equal suffrage the people could remove officials, and have the control over them. We very much doubt if this would prove possible, but let us, for the sake of argument, grant the possibility. Officials would then, if they were to be faithful stewards, often have to pull against the current of popular demands. It is exactly in the attainment of this that the difficulty lies. Would these popularly elected officials, greatly daring, oppose themselves to the popular will? and, further, would they have any right to do so? To this the Socialist answers "Never mind these doubts and difficulties, give us our rights, and no one will complain, since everyone will be perfectly happy and contented." Socialism would demand a complete transformation of human nature, for never yet was man known to have achieved his end, and to cease from desire. Even Candide and his faithful squire very soon became discontented with El Dorado. It is only in human nature to expect that the workers, after they have secured their pretended liberty and through it their pretended equality, will desire further benefits and concessions. If there were no controlling force to stay these ambitions, the pace would soon become prodigiously fast. All the restraints of circumstance, of social order, and political machinery would be gone; and

the depraved portion of human nature would have great freedom for its development. It is almost impossible to believe that the Executive would be sufficiently powerful, resolute and disinterested to oppose themselves to popular demands. From the very nature of the case, they would be easily "awed by influence," and they would be particularly open to be "bribed by gain." Under present conditions the Executive is able to check the flow of popular passion till, at all events, it has become a reasonable demand, or has subsided; and the patriotism and moderation of the party in opposition can happily, as a rule, be counted upon. The Executive, moreover, is, under present conditions, hindered from autocratic and corrupt actions, if only from fear of the "opposition." But in this new state there will be no parties; all are to be for the state. Therefore the officials may do as they please and be corrupt with impunity. They may even benefit one portion of the community at the expense of another, for favouritism is no small danger in Socialism. Even Socialists cannot eliminate from the human heart the motives of friendship and hate. Now supposing the Executive was sufficiently pure, strenuous and patriotic to oppose the populace when it demanded more than experience and statemanship considered it possible or advantageous to concede, and in consequence fell, what would be the result? A new set of officials would take their place and they would be compelled to embark upon the course which their predecessors regarded as reckless and ruinous; or else, in their turn, they would have to give way to another body which might go still further. It may be urged against this, that in the meantime the people will have returned to their senses and will have realised the danger of their demands. That may be so, but it is well to remember the infinite danger of popular passion when uncontrolled by political or social checks. The examples of unfettered popular government are sufficient to stagger the most hopeful. It would not be difficult to repeat the "reign of terror." Socialism would practically mean mob-rule, and anything more dangerous than that it would be hard to imagine. Apart from this, the changing of officials is a great menace, and leads to the dislocation of public business, and to corruption. Under our present system only the political heads of departments, and in one or two cases their under-secretaries, change with a change of government. The large staff of experienced officials remains to carry on the governmental business, so that we have a continuity of

administration which cannot be too highly valued. As we said, the changing of officials also leads to corruption and it is sufficient, in this connection, to refer the reader to the example of America, where even rural post-masters changed with every new government.* We know the terrible political corruption with which America unhappily has been cursed. This constant change of officials would have to take place, or else the Executive would need to be surrounded by the political means to keep back the popular demands. But then again, if the officials had this means at their command, the new danger would arise of the excessive power of the Executive, and this, we are convinced, would be the result of Socialism. If the Executive were not permanent there would be not only grave danger, but great confusion, for how would aspirants to official rank be denied admittance? They have as much natural right to the rank as the officials themselves, for they are co-partners in the state, and have equal rights. Why should not X be an official as well as A? Jealousy and ambition must always be counted on in human institutions. If this right of X's is denied, the whole principle upon which the State is founded is vitiated. Some strong power would need to rest in the hands of the officials to subdue such ambitions, and to put these inconvenient claims out of the way. So we come back to the autocracy of officialism, and if we abandon that, we only rush to the other extreme of unbridled mob rule. Granting the necessity of permanent official government, the enforcing of the authority of the officials would be a matter of no small difficulty. It must not be forgotten that the people will have the election of their own rulers, and that these will be drawn from the people themselves. A literal interpretation of the axiom "*vox populi vox dei*," would alone save the situation.

There is just one other point which need be mentioned, in connection with this question of the Executive, and that is, the problem of administration. Can we expect any government to undertake the management of all the branches of production, distribution and exchange, and all the book-keeping involved therein; and at the same time properly to deal with the individual interests of the people? The task of the officials would be one of gigantic difficulty, for they would have to provide for the individual as well as often to think for him. Without a doubt they would need to be geniuses! Under

* "*The American Commonwealth*," by the Right Hon. James Bryce.

the scheme an official estimate would have to be made of the demand, the consumption and the supply of commodities. Certainty would have to be assured that consumption did not exceed production. Have we any guarantee that all this would be done effectively by the State, so that the stock of the means of production would be renewed at the proper time? The presumption is on the side of a negative answer, because what is done by every individual trader to-day, from the largest to the smallest, would be done by the State; and also what is everybody's concern is usually nobody's concern. What a colossal undertaking for officials! Then it may well be asked, how are the State officials going to apportion the rewards—for money, or its purchasing power, we shall see shortly, will be abolished—between those who give wealth to the State of an immaterial nature, and those who give the purely material? We have seen that the hour's work of the musician is to be equivalent to the thirty days' labour of the navvy; but are we to take this as fair? Officials are to be trusted to make this rule. Will every one of them be a Cæsar's wife? When we look at all the various departments of the socialistic state, and when we realise all its ramifications, the conviction that the governmental business would be overburdened must be vividly confirmed. There could be no loop-hole, for instance, as there is at present, by handing over public funds to private corporations by which the government could escape from the incubus. A burden would be put upon the State greater than it would be able to bear. The herculean task of doing the work of all the industries, which are at present owned by individuals, would prove beyond the strength of the strongest government.

There was, some forty years ago, a very marked distinction between the two schools of thought on the question of state interference. The "*laissez faire*," or the Manchester School, has become nearly extinct, whereas the socialistic doctrine has advanced. Collectivism demands the maximum of State interference. The Radicals of forty years ago were for the absolute freedom of the individual, and were disinclined, as Professor Flint says,* "*to allow the State to do anything which individuals could possibly do, however well the State,*

* "*Socialism*," page 7

and however badly individuals might be able to do it." "On the other hand," the same author continues, "the Socialists of to-day are disposed to trust to the State, whatever it is capable of, even when individuals separately or in combination are more competent to do it. The Radical, owing to his bias, erred, but not more than the Socialist errs, from the contrary bias." We have already stated that, in our view, the truth lies between these two extremes, and for that reason it is impossible to sum up our creed in a phrase or a sentence. The limits of State intervention are not rigid but elastic, and to discover their true proportions requires a deep study of the complex questions of social life. We may illustrate our meaning and position more clearly by taking the case of modern legislation. We constantly hear the term "socialistic" applied to our modern measures of State interference. This is really due to a lack of insight into the underlying principles of the problem. If this term were applicable, then nearly all our modern legislation would be entirely opposed to what are known as "orthodox economics." But this is not so. Governmental interference is not an end, but a means; and herein the Socialists go wrong. They make it an end, whereas it is only an "instrument of human progress." The State has a distinct service to perform, and that, in substance, is to secure to the individual equality of opportunity, freedom in the exercise of his opportunities, and the relief of clamant distress in any portion of the community. Modern legislation has been concerned with fulfilling this mission. Take the case of the education of children for example. This question does not concern our orthodox economist in so far as it is without the scope of his enquiry, which is essentially concerned with wealth. But neither an orthodox economist nor an extreme individualist will deny the need of Government interference in the control of the education of children, and their employment. Experience has proved that parents are often quite incapable of looking after their children's interests, but it is needless at this hour to argue for compulsory free education. Such a measure, however, as the recent bill for the prohibition of young children fetching their parents' beer is an instance of the rightful interference of the State. The restrictions which are now put upon the sale of strong drink and opium; the compulsory regulations for sanitation; and the control of theatres; all are based upon considerations which are without the pale of economics, for they deal with the moral and

physical well-being of the people, in order to prevent distress and degradation and so to preserve the State from the political decay which results from moral and physical deterioration. But let us take an example of legislation which comes within the sphere of the economist,—the provision of the means of education, technical and otherwise, for adults. The first consideration to the economist, is that nothing should be done to hinder, but everything should be done to stimulate production. Now it is not socialistic, but perfectly orthodox legislation, to help the poor to help themselves, and thus to remove one of the most fruitful causes of want of productivity—poverty. If the Government provides libraries, technical colleges, etc., for young men and women, it is to afford them the opportunities to earn a livelihood and thus be productive. As in the end the State reaps its reward, it is perfectly just to tax a part of the community for this purpose. But, it must be observed, the State is helping the individual to help himself.

Take just one other set of cases, of what we may term the gas and water order—so frequently mis-called Municipal Socialism. In this instance it has been proved by experience that voluntary associations cannot supply the community with the essentials to modern city life either so economically or so effectively, as public interest demands. A monopoly is created in most cases, for it is usually in the interests of companies competing in this line to combine, and this monopoly is against the public interest, by giving a less supply of these necessities at a higher price than would be the case under municipal management. The object of a private company is to make profit, of a municipal corporation to provide for the necessities of the community without loss, but not at a dividend-paying profit.

There are certain functions which the State can undoubtedly perform better than individuals, such as those we have stated, but perhaps the most striking case of all is the Post Office, in which the State establishes a legal monopoly in its own favour. Then again it is proper that the Government (being financially more sound than private institutions) should give security to creditors, bear the responsibility in such things as the paper currency, etc. But while all these are the true functions of the State, they are not Socialism. The reason that all legislation of the nature referred to is considered

socialistic is simply because these measures contain the germ of interference with freedom of contract, of property or of competition, etc., in the interests of the poorer classes. Our recent legislation however, is wide as the poles asunder from Socialism, because it does not ask the State to interfere as a providence, and to alter the distribution of wealth for the benefit of a particular class. It indeed has one object, to quicken the spirit of individual enterprise by affording opportunities for development. There is this vital distinction between modern legislation and Socialism, that the former seeks to strengthen and improve the present system, while the latter seeks to destroy it. Even if the State insisted on a universal eight hours' day, the principle underlying this attack on individual freedom would be to increase the productivity of the workers, by affording them better health and energy to fight their own way. It must always be remembered that the conservation of the powers of body and mind of the workers is a matter of first importance to the State as well as to the employers, if only on grounds of enlightened self-interest. The first aim and object of Governmental interference ought to be for the community as a whole, but it may well be that to conserve that interest a particular class may need State aid, for on this class may ultimately depend the preservation of the general interests. This is not a matter merely of more or less interference, for, as Mr. Rae says,* "There is really a very decisive demarcation between a policy which makes men depend on the State control; a policy whose aim is to facilitate the acquisition of private property, and a policy whose aim is to abolish it; a policy which uses for its lever the ordinary moral and economical motives of individuals; and a policy which trusts to the compulsion of physical force. The State may become social reformer without becoming Socialist, when it keeps these distinctions clearly in view; and in fact it is only by following the one series, and eschewing the other, that the State can in any way really aid the working classes in the attainment of their ideal. That ideal they must work out for themselves. It will never be otherwise won, for the qualities trained in working it out are essential to its retention and progressive development."

The socialistic demand for supreme State control is, therefore, uneconomic and unprogressive. It is only right to say,

* "Contemporary Socialism," page 394

however, that on this question of State interference, Socialists have done much good work, and they have made, in this connection, a distinctly valuable contribution to economic science.

There is only one other point that need be noted on this subject of intervention, viz., the narrow limits of State control. The State has managed the Post Office surpassingly well. Would it be as successful with railways? Evidence from abroad on the whole inclines to a negative answer. There are, moreover, numerous examples which might be cited, did space permit, of the necessity under which governments have been compelled to abandon large spheres, which they at one time controlled, because they were unequal to the task of keeping abreast with progressive man, and also because progress itself had added further burdens of necessary functions. We need only point to the condition of our own Parliament in Westminster to prove how an advanced and progressive nation is outdistancing its Government, and how, notwithstanding the the creation of County Councils, and other measures of devolution, its Parliamentary machine is helplessly inadequate to the quantity of work it has to perform. Nevertheless Socialism proposes to devolve upon Government, work which it is quite incapable of undertaking. Decentralization is a necessity of modern times, but Socialism is the worst type of centralization.

CHAPTER VII.

MONEY, TRADE, LAND.

In a collectivist state the market would have no *raison d'être*. The State officials have to discover the demand, give out the labour, and fix the value according to Marx's "socially necessary labour" plan. Socialism, as we have seen, makes labour the basis of reward, and therefore it would do away with money and would substitute labour cheques. The Banks of England would be converted into Civil Service Stores, and your drawing power upon these stores would be according to the amount of labour at your credit. At least the officials in the various bureaux would have to watch that you received only the value of your "socially necessary labour," the standard of value being this "socially necessary labour time." With the abolition of money, private credit would disappear, as it must rest upon a metallic basis. The fixed rule of the time of labour would render speculation impossible. Money lending, of course, would disappear.

Schäffle* is of opinion that saving could be effected under a socialistic *régime*. It may be true that a person would be able to save some of the results of his labour, and that the right of bequest and inheritance would be permitted. But surely the practical difficulties in the way of saving would be almost insurmountable. Of course, Socialism means collective capital and the State ownership of the means of production, etc., therefore it is in this direction only that a curtailment of private wealth is to be effected. Nevertheless, this is a pretty large curtailment, and it would take the average man considerable time and expenditure of patience, to accumulate enough out of his labour time to leave to posterity any very valuable

* See "Quintessence of Socialism."

property. No intelligent student of the question can say that Socialism prohibits men from accumulating possessions. But it is obvious, at the same time, that if the duration of labour is to be the standard of value, practically the matter comes to this, that few, if any, will be able to have private property to any great extent. Socialism, therefore, though ostensibly not disapproving of man possessing the result of his labour, and accumulating property on that basis, yet strikes in reality, though indirectly, at the principle of private ownership. No interest, of course, would be permitted to accrue to any savings effected. Equally there could be no inheritance of capital, that being collective property. The means of enjoyment would be inherited. A man could leave so many dozen tickets to the Tivoli, the result of hours of hard labour!

What would be the effect of Socialism upon trade? We have already indicated that the substitution of collective ownership for our free competitive system would involve the withdrawal of the dominating force from the industrial system, viz., the strenuous individual effort to excel. The result of this would be that internal commerce would languish and diminish to the mere necessities of life, or at the best, to a few of the luxuries. Private trading, from the very nature of the case, would be abolished. Further results on the internal trade will readily suggest themselves to the reader. As regards external or foreign trade there are, we believe, two classes of Socialists, those who would retain foreign trade, and those who would abolish it. The great majority of Socialists, we believe, do not desire foreign trade. Such authors as Mr. Blatchford* hold that "Britain could support herself." In this case, of course, things which we do not grow or produce would become impossible of acquisition. The orange would be displaced by the domestic potato. It is extremely doubtful if Britain, even by her harvests, could support herself. Even were she able to do so, consider the loss it would involve to devote the national energies to the production of the necessary amount of corn, when we can purchase that commodity from abroad at a cheaper rate than we can produce it. This is immaterial to the Socialist, because the national prosperity for his purpose needs only to attain to the height required to provide for the means of subsistence, as society has defined it. But in truth, this theory of Britain, gloriously isolated, with no trade, is too absurd for serious

* See "Merrie England."

criticism, for it pre-supposes a return to an existence well-nigh as primitive as that of our forefathers' at the period of the Roman invasion. To those who do not believe in this self-supporting scheme, the only trading could be, and would be, that which might take place between the *State* and other countries; and the value of the goods exchanged would, of necessity, have to be adjusted by means of money. Yet within this unified State, money would be abolished. If foreign trade were to be continued, the same influences which would dwarf internal trade would operate here, with the addition of the enormous difficulties of trading with other countries which were not under a collectivist *régime*.

It must be remembered that the land also, as well as the means of production, is to be appropriated in the collectivist State. Here we find ourselves involved in a dispute as to private ownership. Were it possible to discuss the land question here, it would be still far from necessary to do so, for once grant the rectitude of appropriating the means of production, and the appropriation of the land will present no difficulties. Moreover, this is not a purely socialistic question, for many who repudiate the title of Socialist are ardent advocates of land-nationalization. Shortly put, the claim is this, that private property in land is heinously unjust and iniquitous. Why? Because it is not the result of labour, (it certainly has been appropriated) but is a natural gift. Whether or no it was at any time a result of labour, would perhaps not matter much to the Socialist. At all events, he is going to claim it, and the same difficulties that surrounded the other questions discussed, surround this. The total abolition of private property is involved. Henry George,* though he denied he was a Socialist, held to this abolition. So does Mr. Herbert Spencer in "Social Statics." So, we believe, did the late Prof. Sidgwick, though the last two "regard the proposal to confiscate the property of landowners without compensation as unworthy of serious discussion."† But are the Socialists and Henry George wrong in this confiscation scheme? We suppose that Henry George would have admitted that his plan of single tax is only confiscation under the name of taxation, because he denied the right to private property in land. Would it not be fair to say, as the Socialists do, that the State has been confiscating the property of the

* "Progress and Poverty," etc.

† Sidgwick's "Elements of Politics," p. 148."



people by income taxes and indirect taxes, and why should it not tax that which is the ultimate source of all wealth, viz., the land—or rather, why not take it and divide it up? Take it, they say, without compensation, because it has been confiscated by the few. This may be put somewhat extremely, but it is, in effect, the Socialist's argument. Of course, the alternative scheme of taxation, for which there are many earnest and moderate advocates, and which Henry George urged with so much skill and devotion, really comes to the same thing, because those who urge it would not be content until the full 20/- in the pound was imposed. This proposal deserves close study; there is much to be said for it, much more than many would have us believe, and it is to be found fully and ably set out in that monument of single-hearted devotion and strenuous labour amid discouraging surroundings "Progress and Poverty." But it is well to ask if the Socialists remember, when they so glibly talk of confiscation, that these said "robbers," the landlords, have spent and lost money on improving the land. It is rather late in the day to demand a wholesale and immediate confiscation. It must be observed that it is doubtful if Marx would have advocated this. Compensation seems to be out of the question because of the expense. The land, however, is really a question by itself, in so far as many of its phases are quite without the bounds of Socialism. But it is perfectly clear that the socialistic goal is pure confiscation.

CHAPTER VIII.

FAMILY LIFE, MORALITY, RELIGION.

It may fairly be asked what would be the result of Socialism upon the life of the people, and how would it affect their family relationships. There are some results which the Socialist would welcome, there are others he cannot avoid.

One consequence would be that many of the things which make life pleasant would be removed. We have already seen that money is to be abolished, and therefore unless the whole world was a federated collectivist state, we should be unable to enjoy the privileges of travel; and if all the people that on earth do dwell were united into one monster collectivist state, the individual would have little chance to save the means of subsistence requisite to enable him to visit other lands. Thus the unrivalled education of travel would be lost, and with it the culture which a nation derives from the wanderings of her citizens.

It is said that the State would provide royal luxury in the way of music, art, etc. But what incentive, except love of his art, would a painter have were he aware that his only reward would be the thirty days' socially necessary labour time of a navvy? He would find too often that a gaping crowd, a moment after viewing his work, would be applauding vociferously the vulgarities of a State clown, and would have no thought left for the invisible hand which limns exquisite loveliness. As regards the State entertainments, the matter of whether they paid or not would be of little consequence, because the officials would be in the happy position of still further taxing labour to pay for pleasure. A man's enjoyments, then, would become dependent on the State, and if he desired recreation he would have to go to those gorgeous festivals which the State is to supply.

One grave objection to Socialism would be its effect on family life, because Socialism aims at the absorption of the family in the community. The idea of the family would be lost in the larger conception of the State as a prodigious Godfather.

Individual tastes would be starved, and, unless the official were a friend, comfortable houses even might not be obtainable. There would be little freedom in private life and anything which intrudes upon the privacy of the home must be viewed with suspicion. Family life is a strength and encouragement to most men, and if family life is broken into by an omnipotent State rule, then much that is brightest in life, much that is an encouragement in labour, and much that is a strength in temptation, is removed. The family has rights and responsibilities of its own, and into these the State can enter only to the complete disorganization of society, and the disintegration of purity in social life. Take first the case of the children. In a socialistic state, the children would, on their birth, become full citizens, and as such would be the care of the State, with the result that the parental responsibility would be weakened.

In this emancipated State again, the business of the parson and registrar would be gone. Free love would not only be countenanced but enforced. Socialists proclaim, without reserve, their leaning to free love. The result of this precarious tie is sufficiently obvious. It would immensely increase the opportunities of that greatest villain in society—the seducer. Then what an injustice to the children, though it is true, legal legitimacy and illegitimacy would be abolished. Many fathers and mothers would doubtless be bound by the indissoluble ties of true and pure affection; but in many cases, after a period of cohabitation, they would separate, even as they would do now, were it possible. The whole attempt to effect the separation of the spouses at will is wrong morally, wrong politically and wrong economically. The economic dependence of the wife on the husband, and *vice versa*, is an unalterable rule among the working classes. If the first duty of woman was to go forth to labour for the community, the consequence would be that there could be no home life, and nothing but ruin would result to man, woman and child, and the community itself. To dissolve all marriage ties, and to replace these by mere association between man and woman, would

deaden the nobler feelings, promote sexuality, and change the beautiful flower of domestic purity and trust into a hideous weed which would poison the very air it breathed.

It only remains to be added that the organization of our homes would be quite upset in other directions. At first, doubtless, better houses would be supplied, but no Socialist could recognise the sanctity of a drawing-room. The whole country would be one eternal kitchen.

It is necessary only to note the socialistic claim for equality, as it has already been dealt with more or less indirectly. There might be equality, but it would be an equality of poverty, for Socialism is a levelling down, not a levelling up. The sage of the 18th century shrewdly puts the question of equality: Boswell had mentioned an author who had disgusted him by his forwardness, and by showing no respect for noblemen—how characteristic of Bozzy—when in their company. To this Johnson replied “Supposing a shoemaker should claim equality with him as he does with a lord, how he would stare! ‘Why, sir, do you stare?’ says the shoemaker. ‘I do a great service to society, ’tis true I am paid for doing it, but so are you, sir, and I am sorry to say it, better paid than I am for doing something not so necessary. For mankind would do better without your books than without my shoes.’ Thus, sir, there would be a perpetual struggle for precedence, were there no fixed rules, for the distinction of rank which creates no jealousy as is allowed to be accidental.” We can never have perfect equality; and custom and circumstance must continue to influence our institutions. The impossibility of equality is exemplified in the extravagant scheme which a few Socialists have adumbrated for the equalization of wealth by means of an equal distribution of the wealth of the community. Apart from the possibility of the attempt, it would not result in the equality aimed at. Suppose A’s share of the common wealth, in terms of money, was £100 and B’s also £100. Now A being a clever man, would soon make his £100 into £200, but B being a fool or unfortunate, would soon become destitute. In a word you may equalize wealth, but you cannot equalize brains. There is a tendency in modern legislation to a kind of equalization, as is exemplified in the death duties of the Budget of 1894. One result of these duties ought to be less hoarding of vast sums of money, and as a consequence money should circulate.

more freely. Then accumulation of capital upon which the carrying on of great industries depends, would be checked by equalization. It certainly might be an advantage to be freed from the oppressiveness of millionaires, but even that might be attained at too great a price. The growth of enormous fortunes is a source of social evil and political danger, and progress is not to be reckoned by the number of millionaires. It would be healthier were capitalistic enterprises more supported by the capital of small proprietors than by that of a few "big men."

The relationship of Socialism to morality has been dealt with, to a certain extent, in what has been said of the family. Let us give a short glance at the general principles of Socialism, and see if they harmonise with those of morality.

In brief, the moral end which Socialism seeks, is the greatest happiness of the greatest number. Man's happiness is the *summum bonum*, and that can be realised only through the happiness of the State. The acts of individuals become only right or wrong, when they affect the happiness of the State. We saw how authority was the central figure in Socialism. It is again in evidence here, for the individual is so assimilated with the State, that he has been lost sight of, and his rights and his duties have likewise disappeared. It is in this that Socialism clashes with the principles of the moral law. To begin with, man's happiness is not the end of morality, his happiness is the result of morality. But further, the collective happiness for which each individual is to sacrifice himself, is not to be attained by the authority of legal enactments or artificial methods. It must come from within, and be the outcome of the good living and high thinking of the individuals who go to make up society. But the Socialist urges that this individualism simply means selfishness, and thus is a direct and emphatic negation of morality. Undue individualism undoubtedly is so. We believe the truth to lie between individualism and collectivism. But let us examine for a moment this positive socialistic claim, that individualism is selfishness. We must look on individualism in a different light from the Socialist, for it suits his purpose to cite the worst form of individualism. Real individualism has its foundation on self-love, and self-love is an entirely different thing from selfishness. It is obviously without the bounds of this book to elaborate the argument, but the reader will find

the truth beautifully stated in the writings of Bishop Butler. Put in a sentence the matter stands thus; self-love is an agglomeration of man's reflections on his own highest good; that does not mean, necessarily, his freedom from pain or his enjoyment of pleasure. Self-love differs from pure egoism, regarded as selfishness, in this, that true self-love will often urge man to benevolent action; for the measure of true self-love is to be found in our capacity for loving our neighbours as ourselves. Selfishness, therefore, is not true self-love, for if man is only concerned for himself he will never be truly happy, and in consequence he will love himself, not wisely though perhaps too well. A man spends all his money on drink and thus ruins himself, surely that is having very little real self-love, and it can scarcely be held to be the way to help others. In a word, then, self-love as a general rule is in complete harmony with benevolence, and thus true individualism is in full harmony with the moral code. Now is Socialism in concord with pure morality? As we have seen it recognises only social morality, and sacrifices the personal. It thus bases itself upon what is known as altruistic hedonism or utilitarianism; and its view of right and wrong being wholly in reference to the good or ill of the State, it subverts a great portion of the moral law, and relieves the individual from his responsibility to the moral law. This is in itself a violation of morality, for it may be very convenient to make the State a scapegoat but it is scarcely ethical. Then the morals of the community would not be regulated by the abstract though living truths, as they appear to the conscience of the individual, for in this new State my morality will be the morality of the officials who lay down the standards of morality. In this case man as a moral personality would be lost, the State would become his conscience. It is clear that this authoritative morality, and this entire absorption of the individual into the State, would lead to the entire disuse of man's faculty for moral judgment—his conscience—and thus the still small voice of God would become fainter and fainter till it was heard no more.

One word or two must suffice for the consideration of the relation of Socialism to the main virtues. It may at once be said that Socialism professes, and we believe honestly intends, to have as its goal, the fulfilment of the essential virtues. It is, we believe, honestly prompted by a great desire for justice, brotherhood and love. But the obliquity of the Socialist's

vision is nowhere more clearly demonstrated than here, for, with the best intentions in the world, he cannot compass their realization. It is only possible here to indicate the truth. Would it be in conformity to the principles of justice to take away a man's property, and give him no compensation? The Socialist thinks it would. We leave the reader to decide, in the light of former discussions, between the rival claims to justice.

The claim to Brotherhood we think better founded. After all, this ambition is inherent in man, and is part of the nature of things, because the sentiment for a brotherhood of man, when "man to man the world o'er shall brothers be for a' that," is deeply embedded in the human heart. It is probably not without cause, however, that the Socialists claim to have a greater share of this purpose. It is natural that this should be so, for Socialists are, as a general rule, to be found among the poorer classes,* and not only does poverty make one acquainted with strange bed-fellows, but it engenders a sympathy with the suffering mate. Nevertheless human nature being what it is, once the brotherhood were established, the ruling brethren might, in their exaltation, as easily forget their principles, as Solomon, in the height of his power, forgot his God. We might perhaps be brothers, not brother men, but brother slaves. It is to be observed, however, that up to the present time, Socialists have not been true to their professions of real brotherhood, for the march of Socialism has been too often accompanied by violence, and bloodshed, and misery.

Its claim to Charity is annulled by the very facts of the case. It will remove the need of charity. If man becomes poor in the new State by his own folly, the State will have to punish him or compel him in some way; if not by his own fault, the State will look after him. Thus individual charity will die of inanition, and we doubt if social charity will be as effective as voluntary charity, and the free gift of money and service. Still Socialism does regard charity, but it is "legal" or "official" charity, and as such would be full of danger and not effective.†

* Ruskin, Kingsley, Morris, etc., are exceptions, but the first two, we think, cannot, with accuracy, be described as Socialists.

† One result of Socialism would be the loss of the national virtue of patriotism and nationality. Socialism regards no "frontiers" and sneers at race pride. It has this merit that it is the constant foe to jingoism, but as against that we must place its loss of the great glory of the national spirit which prompted a Bruce, a Kossuth, a Garibaldi. See "The Religion of Socialism" by Mr. Bax.

The consideration of charity leads us to that of Faith. Modern Socialism is not religious in origin. Mr. Rae quotes Mr. Paul Leroy Beaulieu, a distinguished economist, as saying that the prevalence of socialistic ideals is largely due to the decline of religious feeling among the working classes. This may be largely true, but it would be an injustice to say that Socialism means, of necessity, pure materialism. Yet all its tendencies are in that direction. It is fair to add, however, that the great bulk of Socialists are materialists. Though Socialism is not of necessity atheistic, yet it is a curious fact that atheism and Socialism are presented together, in nearly every case by Socialists. There are Christian Socialists, though, as we have noted, Kingsley, Hughes, etc., cannot accurately be called Socialists. For instance the Christian Socialists never sought to interfere with private property. The phrase "Christian Socialist" is a contradiction in terms, for, as we saw, Socialism implies the substitution of the State's standards of right and wrong, for the individual's conscience; and it delegates moral responsibility to the State and exonerates the man. This is to violate the first principles of religion, because man is responsible to God before he is responsible to society. Then there are Socialists who maintain that Socialism is itself religion, but this is to postulate a new religion, and thus to misuse the term. It might more fitly be termed a faith in social morality, for the God to be adored is not "the one living and true God"; but the finite creation of man's hand, an idol of clay, easily constructed and easily shattered. It seeks to make the happy land not "so far away," but here, and Heaven is to be on earth. There is no "other worldliness" in this new faith, except the better world on earth. This is all a contradiction to true religion, which acknowledges God and His Kingdom, and which is inspired by the noble motives, and ruled by the high standards of divine truth. Some Socialists have claimed Christ as their first teacher, but this is to misunderstand His teaching and to mis-state His mission. They look upon Him as a moral teacher only, and regard His statements concerning His divinity, as mere idle pretensions on His part, or else the superstition of subsequent generations. This denial of the divinity of Christ is the denial of all the truths of Christianity. But it is idle to claim Christ as a Socialist, or as an Individualist. His teaching was not of this world, and He dismissed the affairs of Cæsar in a few words. He

who would draw the Master into the vortex of politics is guilty of irreverence to God. Indeed it may be said that religion—Christianity—is above all politics. Its effect on the State comes through the individuals who compose the State.

Many of the aspirations of Socialism are thoroughly Christian, such as those we have mentioned for justice, etc., but it may be remarked that Socialists derive these directly from Christianity. Christians cannot approve of Socialism for it tends to materialism, and in effect denies the spiritual dependence of man upon God. Then again, as we saw, its end was happiness on earth, but the Christian's goal is to glorify God, and to await the coming of His Kingdom. The loss of individual liberty of conscience is unchristian, and the emphasis placed by Socialism on measures and not on men is opposed to Divine teaching. Thus it is that this materialistic state-ruled man, who calls himself Socialist, has no ear to listen to the voice of God, has no heart to turn in gratitude and love to his Saviour, and has no liberty to follow in His steps. We should thus lose the unspeakable benefits of the highest portion of man's nature, his divine essence—the spiritual consciousness. The blessed communion with Christ would be broken and all the comfort, the solace, and the strength, which true fellowship gives in this life, would be gone, and with that the glorious hopes of eternal communion beyond the stars.

NOTE.—Mr. Sidney Webb devotes a chapter of his book "Socialism in England" to the subject "Socialism in the Churches." He points to the Christian Social Union and other movements in the Church world. Recently a number of letters have been appearing in a prominent, religious, Non-conformist newspaper—the "British Weekly"—drawing attention to the existence in the Church of an interest in social questions. All this, however, only proves that those good people whose sympathies are aroused by the admitted inequalities and anomalies in our political and social system, and who desire, in a true spirit of Christian charity and justice, to see these inequalities and anomalies removed, confound the social question with Socialism. Many people say and imagine that they are Socialists when they are no such thing. You can be a Christian and a social reformer, but not a Christian and a Socialist. It is essential that people come to terms on this point and realize the full signification of Socialism. By all means let the Churches be sympathetic to social questions, but let them define their terms at the outset.

CHAPTER IX.

SOCIALISM AND PROGRESS—CONCLUSION.

There is only one more question to be considered. Is Socialism founded upon any principle of historic progress, such as would warrant us in believing that its results would be progressive? This question has, to a large measure, been answered in the foregoing pages, but there are one or two further points which demand notice. Would the progress of natural historical evolution run on socialistic lines? Karl Marx, the Fabians and others, answer—Yes. Being assured of this they urge no rash action, and are willing to await the convenient season when the conditions shall be suitable for the final change.

There are many pitfalls which it is necessary to beware of, in this question of evolution. There are, for instance, many modern writers on social questions who confuse the issues by instituting incomplete and inaccurate comparisons between the natural and the social world, and they render “confusion worse confounded” by the immoderate use of bad Latin and spurious philosophical jargon. Much in these days has been written on evolution, and much of it is worthless. It has become fashionable to refer every phenomenon in the social, as well as in the natural world, to this doctrine. It has been made a touch-stone of the Eternal truth, and as such it is often completely valueless. We are asked by such writers as Mr. Kidd* to depart from the old method of historical comparison, and to institute in its place that between man and animals. A distinguished writer in criticising this position has put the matter very tersely in syllogistic form, “The Darwinian theory has revolutionised the sciences that deal with animal life, political economy deals with man, man is an animal,

* “Social Evolution.”

therefore political economy must be revolutionised." The position is that a similar evolutionary process takes place in the social, as in the natural world, and that the discovery of a "social organism" demands new methods in the consideration of social questions. It is not within the compass of this book to discuss such questions as "the survival of the fittest," the "growth of altruism," etc., but we should suggest that the attempt of the evolutionist to give to an analogy—and not always a correct analogy—all the force and truth of a law, is to pervert logic, and to be untrue to scientific and historical truth. The fact of the matter is, industrial progress has not been effected by means of a strange struggle for existence, in which all disregard for life is to be found. Industrial progress has proceeded along the lines of benevolence, and by the suppression of the brute properties in man. It is customary to hear competition quoted as an example of this struggle. In answer we quote an unquestionable authority,* "nor can competition properly be described as the economic form of this struggle, because it rests upon security and works by bargaining and contract." The same author goes on to state a truth Socialists would do well to study, "the analogy with the struggle for existence is to be found much more in combinations than in competition, as for example, in trade unions that exclude the weaker workers, and are essentially fighting organisations." Further, the belief that the trend of events is necessarily towards "altruism" is no less inaccurate. There are many indications in our own day that altruism is not so prevalent. War is essentially the negation of altruism, to mention only one case, and yet, only a few months ago, we were involved in war, and the horizon is full of ominous clouds, foretelling future trouble. There can be no question, however, that in many respects this brotherly love has continued, and that consideration for others has largely whipped the offending Adam out of man. We are at a stage of enlightened civilization, but we must not be too confident that we are set out on a steady march of progress, and it is misleading to flatter ourselves that this is so, by specious references to the evolution of ethical ideas. The history of the world affords numerous examples of enlightened civilization immediately followed by times of lurid crime and barbarity. The gospel of peace was proclaimed nearly two thousand years ago, and yet, ever since, war has been the arbitrement of

* "Historical progress and Ideal Socialism" by Professor Shield Nicholson.

nations. But it is unnecessary to illustrate the grotesque inconsistencies of human experience. The question that affects us is,—would Socialism be an advance along the lines of progress, and also are the signs of progress upon which all are agreed, due to socialistic tendencies and to the growth of socialistic ideas? Marx and others have held that the affirmative must be the answer. We have endeavoured to suggest the danger of accepting this evolution doctrine without reserve. We ask the reader, therefore, to appeal rather to historical facts, than to fanciful analogies. Now, is the tendency of industrial progress towards Socialism? The answer to this question will be found partly in the previous chapters. Socialism, as we have shown, means taxation and confiscation. It would take all the capital as well as all the land. History tells us how soon ruin came to nations—Rome for example—after taxation reached a certain point, and this one fact of history is worth twenty jungle stories. Confiscation is simply robbery, and progress cannot proceed upon principles of theft. Again, we saw that Socialism means the substitution of authority for individual freedom—that is to say, it substitutes slavery for liberty. This is to reverse the engines of progress, and history not only tells us the unproductiveness of slave and forced labour, and the productiveness of cheerful labour, but it also proves to us that industrial progress has budded and blossomed under the genial influences of the sun of liberty. But further, perfect security is necessary to industrial progress, and security can be real only when it is begotten of liberty. Take the case of England in the 18th century, when the property of a Roman Catholic was liable to confiscation, because of his refusal to conform to the national religion. That was an infringement of personal liberty, and while that existed there could be no security, and there was none.

Then, too, industrial progress is possible only with complete freedom of contract. The marvellous development of free trade, since its establishment in 1846, is a convincing proof of the effect of freedom on industrial progress. The free use also of all means of exchange is an inseparable adjunct to industrial progress, but under Socialism no such thing as money is to exist, or credit, or any of the means of exchange. Production, distribution, everything is to be attained by authority, and the absence of individual effort would lead to diminishing production. When production diminishes, progress

becomes impossible. With the abolition of private property, one of the most civilising agencies is removed, for the wealth of the producer has been one of the most powerful causes of industrial progress. Many more cases could be cited, but enough has been done to show that if Socialism is a tendency in the evolution of society, then we are on the return journey to the chaos from which we are supposed to have emerged. Fortunately, however, Socialists have entirely misread the tendencies, and evolution is quite inadequate to account for them. The fact of the whole matter is that industrial progress is the result of the accumulated wisdom of preceding generations, and that progress has outstepped the evolutionary process. The attempt to prove that human nature has changed to such an extent that it is preposterous to argue from past events, cannot be successful, for there is enough material to show that human nature has not undergone so marvellous a transformation. In fixing their gaze so intently on the future as to ignore the past, the Socialists err at the very outset and display the unscientific nature of their methods. No new method is necessary to the study of social problems, but it is becoming daily more essential to rivet our attention upon historical truth. The concession of the principles upon which Socialism is based will lead in the future, as they have led in the past, to retrogression and decay. Human nature would have to be changed before Socialism would be possible or safe, and any scheme which is based upon such a complete transformation of nature must needs be practically impossible. There is no nation or people fit for so great a change, since none is completely disinterested, supremely wise or preternaturally prudent.

The problem which Socialism sets out to solve—the institution of a just distribution of wealth—is undoubtedly one of enormous importance. Socialism fails because it destroys all the requisites to progress. The only solution lies in the promotion of true industrial freedom and security. With the growth of civilization, there will be an increasing call upon the wisdom and beneficence of the State. Many of the evils in our present system will be removed as time goes on, just as they have been in the past. The actions of a Shaftesbury did as much in a lifetime for the poor and oppressed, as any collectivism could accomplish. “The free action of individuals” may do much. The many obvious

evils in our present system such as non-bona-fide speculations, (*e.g.*, company promoting) the risks of great concerns, great undercutting, ought to be corrected by the State. Strikes, lock-outs and the old idea still existing in the minds of the workers, that the only bond between them and their masters is a cash payment,—obedience in return for wages,—all these produce evils, and it is only right that by voluntary and conciliatory boards, or by legal enactments, such evils should be removed. The abuses in our industrial system and society are so many and so complex that no one scheme like Socialism will ever cure them all. It is more likely to add to their number.

Evils certainly surround us, clamant wrongs engage our sympathy and attention. Legislation is required for many troubles, yet even since the days of the Chartists we have seen enormous advances in the moral, intellectual and physical well-being of the workers. Let us not be rash, for we cannot destroy the innate characteristics of man, and we cannot afford to despise custom and tradition. We should rather seek to accommodate all these to the changing circumstances of the people, by wise and practical statesmanship. At all events let the workers beware of this false doctrine of Socialism, so attractive in name, so alluring in its protestations. The way of salvation does not lie through Socialism, but through true liberty, sturdy self respect, and well-guarded moderation. The greatest hope lies in the efficiency of the workers, and the opportunities to secure this must be enlarged. Let us not be too anxious for the supreme moment. If the toilers are united in honesty of aim, animated by community of purpose and inspired by reflective wisdom, it will not be long till the dawn breaks and the shadows flee away.

THE END.



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